



SMALL BUSINESS  
KNOWLEDGE AND  
TRAINING PORTAL

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# C.P.A.'S & BOOKEEPERS

## WHAT ARE THEY?

### 1. C.P.A.

A CPA is a Certified Public Accountant who typically has an accounting degree and has passed the CPA exam. Not all tax preparers are CPAs, and not all CPAs actually prepare taxes. A tax preparer can be an enrolled agent (EA) and file taxes on your behalf. The CPA, or your tax preparer, is concerned with filing your federal and state taxes according to the tax laws. They ensure that all income and expenses are properly recorded. Typically, the CPA does not want to get into the details of each transaction; they want the big picture. They also offer tax advice on how you and your business can benefit from certain tax laws. If needed, the CPA can represent you in front of the IRS.

### 2. Bookkeepers

Although the bookkeeper knows the tax laws, they generally do not give you tax advice. A good bookkeeper helps you build your detailed monthly financial statements, organize receipts and daily entries, reconcile the books, clear any mistakes, and maintain the general ledgers of the business. Most importantly, they ensure each transaction is in the proper place on your profit and loss statement or your balance sheet. This helps make sure that when your books get to the CPA, they have already been vetted, and it helps the CPA do their job. Doing this could help reduce the bill you receive from your CPA. Your CPA does not want to do your books or go through your receipts; they simply want to do your taxes. So, leave these activities to the bookkeeper. A good bookkeeper will work as a team with a CPA throughout the year; both of them are essential to your business.